

# **Property Tax "Change"**

By

The Utah Coalition for Property Tax Fairness

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## **PROBLEM and VALIDATION**

1. Market Value Assessment Method & Unlimited Public Hearing Tax Increases
2. Income not keeping pace with property inflation value.
3. 2000 petition signatures in 30 days for change.

## **SPECIFIC EXISTING SYSTEM PROBLEMS**

1. Regressive tax burden shifts to those with least "ability to pay".
2. Unexpected tax hardships leading to financial stress and altered life styles.
3. Fear of losing property (having to sell home) due to high taxes.
4. Current system is unclear, complex, untimely, and too subjective.
5. Outrage and mistrust of state and local government.

## **RECOMMENDED, "BASIC TEMPLATE / CHANGE"**

1. Redefine "Fair Market Value" to Acquisition Value plus an annual (2-4%) stabilization index increase.
2. CAP TNT Public Hearing Tax Increases to not exceed the annual property owner / citizen COL Index increase. Election approval to be required for increases that exceed the index.

## **RECOMMENDED IMPLEMENTATION**

1. Unchanged assessment process of new properties. Existing properties would be annually increased by the same stabilization income, construction, or property value index. The index would be a cumulative average for the last 20, year period (not to exceed 4%).
2. CTR calculations would remain unchanged. The Tax Commission Office would also provide each County with their annual property stabilization index amount.
3. For existing properties a combination of a look back of 3-5 years and assessor judgment is strongly urged for starting at the most neutral taxable value position for each property within the rules and intent of an acquisition value system. The taxable values would be built forward with the annual stabilization index to arrive at the current year taxable value (Fair Market Value).
4. We feel changing the state's nondisclosure status is optional. However, redefining fair market value for the change in assessment practices may require a constitutional amendment via a legislative initiative.

## **ADDITIONAL RECOMMENDED "TEMPLATE / CHANGES"**

1. In state homeowner tax base transportability, 55 years old, not to exceed previous property sales price.
2. Homeowner tax base transfer between parents, children and / or grandchildren.
3. Limit current homeowner exemption to a maximum cap of \$450,000, to be increased annually by the amount of the stabilization index. Increase the primary acre from one to up to five parcel inclusive acres.
4. Shift up to 50% of school property taxes to sales taxes to balance taxpayer school financing

responsibilities. The sales tax would have to be increased accordingly with a revenue guarantee to the schools. The need to eliminate sales taxes on food and essentials would increase in order to maintain neutrality and prevent regressive impacts.

### **OUTCOME BENEFITS**

1. Stable, predictable property taxation.
2. Property Owner ongoing "ability to pay" is built in to the new system.
3. Elimination of current system tax burden shifts maintains tax- payer neutrality.
4. School and government tax revenues remain stable and unchanged.
5. Subjective assessment latitude is decreased and overall objectivity increased.
6. Clarity and Timeliness is greatly improved.
7. Government trust is increased.
8. Real property commerce benefited.
9. Tax capitalization benefits accrue.

### **QUESTIONS & ANSWERS**

1. See attached handout.
2. Reference website - [fairpropertytaxutah.org](http://fairpropertytaxutah.org)
3. Call or email Jim Bray at 435 879-2108 or 669-5231 or [brayville@redrock.net](mailto:brayville@redrock.net)